

Message Text

LIMITED OFFICIAL USE

PAGE 01 BELIZE 00422 180315Z

70

ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 FEA-01 /105 W
----- 058995

R 122300Z MAY 76

FM AMCONSUL BELIZE

TO AMEMBASSY LONDON

SECSTATE WASHDC 4949

AMEMBASSY OTTAWA

AMEMBASSY GUATEMALA

LIMITED OFFICIAL USE BELIZE 0422

E.O. 11652: GDS

TAGS: ENRG GT BH

SUBJECT: OIL EXPLORATION DISPUTE SETTLED OUT OF COURT

REF: BELIZE 0831 AND GUATEMALA 6741

1. BACKGROUND REFTELS REPORTED GOB CANCELLATION OF SOUTHERN BELIZE PETROLEUM EXPLORATION CONTRACT PREVIOUSLY AWARDED INTERNATIONAL NICKEL COMPANY SUBSIDIARY AJAX/ARIEL AND SUBSEQUENT AWARD OF CONTRACT TO ANGLO AMERICAN PETROLEUM OF HOUSTON. GOB HAD JUSTIFIED ACTION ON GROUNDS OF ALLEGED NON-COMPLIANCE AND HAD CHARGED THAT INCO'S SIZABLE INVOLVEMENT IN GUATEMALA WAS INDICATIVE OF COMPANY'S SUPPORT FOR GOG IN UK-GUATEMALA DISPUTE OVER BELIZE. BELIZEAN OPPOSITION PARTIES ALLEGED GOB REVERSAL HAD BEEN OBTAINED BY BRIBERY. AJAX AND ARIEL SUED GOB FOR 13 MILLION DOLLARS.

2. GOB HAS NOW REACHED AN OUT OF COURT SETTLEMENT WITH LITIGANTS WHICH IS DESCRIBED IN OFFICIAL RELEASE AS FOLLOWS: "GOVERNMENT HAS APPROVED THE FORMA-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BELIZE 00422 180315Z

TION OF A JOINT VENTURE FOR THE EXPLORATION OF NINE

OIL PROSPECTING LICENSES PRIMARILY IN THE SOUTHERN OFFSHORE WATERS OF THE COUNTRY OF BELIZE. THIS IS THE SAME AREA MORE OR LESS WHICH AJAX AND ARIEL HAD BEEN SITTING ON ALL THESE YEARS.

"UNDER THE JOINT VENTURE AGREEMENT, THE OIL CONSORTIUM COMPRISES DRIL PETROLEUM (BELIZE) LTD. (THE BELIZE PETRG-DIXEL PARTY) WHO WILL HAVE A 36 PERCENT INTEREST. AJAX - A 40 PERCENT INTEREST AND CANADIAN SUPERIOR WHO WILL HAVE A 24 PERCENT INTEREST.

"AJAX AND ARIEL WILL RELEASE THE MINISTER AND GOVERNMENT OF BELIZE FROM ALL ALLEGED CLAIMS AND WILL WITHDRAW THEIR COURT ACTIONS.

"ACCORDING TO RELIABLE REPORTS, UNDER THE TERMS OF THESE LICENSE IF OIL IS DISCOVERED, THE GOVERNMENT AND PEOPLE OF BELIZE HAVE OVER 16 PERCENT ROYALTIES TO COLLECT IN REVENUE. AS IT TURNED OUT, THE ACTION OF GOVERNMENT IN CANCELLING THE LICENSES IN OCTOBER 1975, HAS HAD THE DESIRED EFFECT - NAMELY IN SPURRING THE OIL COMPANIES TO START DIGGING AND GET ON WITH THE JOB.

"IF THERE IS BLACK GOLD IN BELIZE THE SOONER WE FIND OUT THE BETTER." FURTHER DETAILS POUCHED TO ARA/CEN.

3. COMMENT: SEVERAL QUALIFIED SOURCES HAVE TOLD US PRICE GOVERNMENT FACED DAMAGING REVELATIONS AND PROBABLE CORROBORATION OF OPPOSITION'S BRIBERY CHARGES IF SUIT HAD GONE TO COURT. OUT OF COURT SETTLEMENT APPEARS TO CONSTITUTE VIRTUALLY TOTAL CAPITULATION BY GOB.
GAWF

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTION, DISPUTE SETTLEMENT, EXPLORATORY DRILLING
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAY 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BELIZE00422
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760191-0672
From: BELIZE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760564/aaaacdbr.tel
Line Count: 94
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 BELIZE 831
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 12 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 APR 2004 by BoyleJA>; APPROVED <13 APR 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OIL EXPLORATION DISPUTE SETTLED OUT OF COURT
TAGS: ENRG, GT, BH
To: LONDON
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006